



# Washington Township Health Care District

2000 Mowry Avenue, Fremont, California 94538-1716 • (510) 797-1111

Nancy Farber, Chief Executive Officer

## Board of Directors

Patricia Danielson, RHIT

Jacob Eapen, M.D.

William F. Nicholson, M.D.

Bernard Stewart, D.D.S.

Michael J. Wallace

## BOARD OF DIRECTORS' MEETING

Wednesday, June 12, 2019 – 6:00 P.M.

Conrad E. Anderson, MD Auditorium

### AGENDA

	<b>PRESENTED BY:</b>
<b>I. CALL TO ORDER &amp; PLEDGE OF ALLEGIANCE</b>	Bernard Stewart Board Member
<b>II. ROLL CALL</b>	Dee Antonio District Clerk
<b>III. ELECTION OF OFFICERS</b>	Bernard Stewart Board Member
<b>IV. EDUCATION</b> Budget Estimate for FY 2019-2020 Strategic Map 2019-2020	Chris Henry Donald Pipkin
<b>V. CONSIDERATION OF MINUTES</b> May 3, 7, 8, 20, 22, and 28, 2019	<i>Motion Required</i>
<b>VI. COMMUNICATIONS</b> A. Oral B. Written  From Kranthi Achanta, MD, Past Chief of Staff, dated May 28, 2019 requesting approval of Medical Staff Credentialing Action Items.	<i>Motion Required</i>
<b>VII. INFORMATION</b> A. Service League Report B. Medical Staff Report	<b>PRESENTED BY:</b> Ruth McGautha Service League  Kranthi Achanta, MD Past Chief of Staff

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| C. Hospital Calendar   | Nancy Farber<br>Chief Executive Officer  |
| D. Lean Report:<br>Presentation of Lean Certificates and Pins  | Kimberly Hartz<br>Senior Associate Administrator                                     |
| E. Quality Report:<br>American College of Surgeons National<br>Surgical Quality Improvement Program – 2019<br>Update | Mary Bowron, DNP, RN, CIC,<br>CNL, CPHQ<br>Chief of Quality & Resource<br>Management |
| F. Finance Report  | Chris Henry<br>Associate Administrator and<br>Chief Financial Officer                |
| G. Hospital Operations Report  | Nancy Farber<br>Chief Executive Officer  |

**VII. ACTION**

- A. Resolution No. 1198: Budget Estimate FY 2019-2020
- B. Consideration of the Washington Hospital Healthcare System Strategic Map: 2020-2022
- C. Consideration of Special Care Nursery Upgrade
- D. Consideration of West Com/Badge Upgrade
- E. Consideration of Energy Sources for Operating Room (Cautery Replacement)
- F. Consideration of Experion: Patient Estimates Solution
- G. Consideration of Chief Executive Officer At-Risk Compensation
- H. Consideration of Chief Executive Officer Employment Agreement

*Motions Required*

**VIII. ADJOURN TO CLOSED SESSION**

*In accordance with Section 1461, 1462, 32106 and 32155 of the California health & Safety Code and Sections 54962 and 54954.5 of the California Government Code, portions of this meeting may be held in closed session.*

- A. Report and discussion regarding California Government Code section 54957: Personnel matters
- B. Report involving a trade secret pursuant to Health & Safety Code section 32106

C. Conference with Legal Counsel-Anticipated  
Litigation pursuant to Government Code  
section 54956.9(d)(2)

**IX. RECONVENE TO OPEN SESSION &  
REPORT ON CLOSED SESSION**

Bernard Stewart  
Board Member

**X. ADJOURNMENT**

Bernard Stewart  
Board Member

A meeting of the Board of Directors of the Washington Township Health Care District was held on Friday, May 3, 2019 in the Board Room, 2000 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 12:04 p.m. and led those present in the Pledge of Allegiance.

*CALL TO ORDER*

Roll call was taken. Directors present: Bernard Stewart, DDS; William Nicholson, MD; Michael Wallace; Jacob Eapen, MD

*ROLL CALL*

There were no oral communications.

*COMMUNICATIONS*

There were no written communications.

In accordance with Government Code §54957, Director Stewart adjourned the meeting to closed session at 12:04 p.m., as the discussion pertained to Public Employee Appointment – Title: Chief Executive Officer.

*ADJOURN TO CLOSED SESSION*

Director Stewart reconvened the meeting to open session at 12:27 p.m. and reported that a reportable action was taken during closed session. In accordance with District law, policies, and procedures, the Board of Directors appointed Kimberly Hartz as the successor to Nancy Farber and Kimberly Hartz will assume the office and title of Chief Executive Officer on or before October 28, 2019. No further action is required.

*RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*

There being no further business, Director Stewart adjourned the meeting at 12:28 p.m.

*ADJOURNMENT*

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Bernard Stewart  
President

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Michael J. Wallace  
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Tuesday, May 7, 2019 in the Board Room, 2000 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 6:00 p.m. and led those present in the Pledge of Allegiance.

*CALL TO ORDER*

Roll call was taken. Directors present: Bernard Stewart, DDS; William Nicholson, MD; Michael Wallace; Jacob Eapen, MD

*ROLL CALL*

There were no oral communications.

*COMMUNICATIONS*

There were no written communications.

In accordance with California Government Code 54957.6, Director Stewart adjourned the meeting to closed session at 6:00 p.m., as the discussion pertained to a conference with Labor Negotiators: agency designated representatives President Bernard Stewart and Attorney Paul Kozachenko regarding the unrepresented employee: Chief Executive Officer.

*ADJOURN TO CLOSED SESSION*

Director Stewart reconvened the meeting to open session at 8:10 p.m. and reported no reportable action was taken in closed session.

*RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*

There being no further business, Director Stewart adjourned the meeting at 8:10 p.m.

*ADJOURNMENT*

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Bernard Stewart  
President

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Michael J. Wallace  
Secretary

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, May 8, 2019 in the Conrad E. Anderson, MD Auditorium, 2500 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 6:00 pm and led those present in the Pledge of Allegiance.

*CALL TO ORDER*

Roll call was taken: Directors present: Bernard Stewart, DDS; William Nicholson, MD, Jacob Eapen, MD; Michael Wallace

*ROLL CALL*

Also present: Nancy Farber, Chief Executive Officer; Timothy Tsoi MD, Chief of Staff; Ruth McGautha, Service League President; Dee Antonio, District Clerk

Guests: Ed Fayen, Kimberly Hartz, Chris Henry, Tina Nunez, Stephanie Williams, Robert Alfieri, Jeff Stuart MD, John Lee, Kristin Ferguson, Mary Bowron, John Zubiena, David Hayne, Rob Lanci, Nick Legge, Paul Kozachenko

Also present: Jeannie Yee, Judge Thomas Nixon, Members of the WHHS Service League

Nancy Farber introduced the Honorable Thomas Nixon who administered the Oath of Office to Jeannie Yee. There was a brief 10-minute recess and the meeting resumed at 6:15 pm.

*OATH OF OFFICE  
Jeannie Yee*

Nancy Farber introduced Dr. Gabriel Herscu and Lynda Antes, RN, BS, MHA, CCRN who gave a presentation on Hybrid Vascular Surgery at Washington Hospital. Dr. Herscu talked about the various diseases that are treated by vascular surgery and explained the evolution of vascular surgery. He then demonstrated via diagram and video the surgical procedure for treating an aortic aneurysm by EVAR (endo vascular aneurysm repair) and TEVAR (thoracic endo vascular aneurysm repair). Lynda Antes then talked about the formation of a Hybrid OR steering committee, the benefits of these types of surgical interventions and the future vision of building an Aortic Center of Excellence.

*EDUCATION  
Hybrid Vascular Surgery  
at Washington Hospital*

Director Nicholson moved for approval of the minutes of April 8, 9, 10, 15, 22, and 24, 2019.

*APPROVAL OF  
MINUTES OF April 8, 9,  
10, 15, 22 and 24, 2019*

Director Wallace seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee - abstained  
Jacob Eapen, MD - aye  
Michael Wallace – aye

The motion carried.

Director Stewart announced that on May 1, 2019, the Board received a Notice from Chief Executive Officer, Nancy Farber, stating that she has elected to retire by October 28, 2019. Following receipt of this notice, the Board met and decided to name Kimberly Hartz as successor.

*COMMUNICATIONS:  
WRITTEN*

The following written communication received from Timothy Tsoi, MD, Chief of Staff, dated April 22, 2019 requesting approval of Medical Staff Credentialing

Action Items as follows:

Appointments

Seshadri, Sheshashree MD; Soe, Kyaw MD

Temporary Privileges

Soe, Kyaw MD

Reappointments – Two Year

Ahn, Jeanie MD; Barrie, Stacey MD; Bezdikian, Vatche MD; Bryan, Goerge PA-C; Calhoun, Siobhan MD; Gersten, Kevin MD PhD; Hirai, Thomas MD; Kale, Ashay MD; Khatibi, Nina PA-C; Nguyen, Meagan PA-C; Sahai, Anjali MD; Sharif, Yasar MD; Valencia, Benito MD; Wilkins, Christopher PA-C; Wong, Jonathan MD

Reappointments – One Year

Baig, Khalid MD; Kapila, Yagra MD; Sandhu, Ajot MD; Yu, Gloria MD

Transfer in Staff Category

Deaton, Benjamin MD; Kale, Ashay MD; Manchineni, Lakshmi MD; Phillips, Andres MD; Voscopoulos, Christopher MD

Completion of Proctoring Prior to Eligibility for Advancement in Staff Category

Chantachote, Soelot MD; Ross, Michael MD

Completion of Proctoring and Advancement in Staff Category

Deaton, Benjamin MD; Manchineni, Lakshmi MD; Phillips, Andrew MD; Voscopoulos, Christopher MD

Extension of Proctoring and Provisional Category 1-year

Moon-Grady, Anita MD

New Privilege Requests

Ahn, Jeanie MD

Delete Privilege Requests

Barrie, Stacey MD; Calhoun, Siobhan MD; Tran, Hanh Thi DO; Voscopoulos, Christopher MD; Wilkins, Christopher PA-C

Conflict of Interest

Ahn, Jeanie MD; Gersten, Kevin MD PhD; Kale, Ashay MD

Resignations

Bhargava, Aditya MD; McBeth, Brian MD; Nallamotheu, Ravindra MD

Director Nicholson moved for approval of the credentialing action items presented by Dr. Tsoi.

Director Wallace seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye

Jeannie Yee - aye  
Jacob Eapen, MD – aye  
Michael Wallace – aye

The motion unanimously carried.

Ruth McGautha, Service League, reported on the Service League activities, including Masquerade Jewelry Sales, Gift Shop point-of-sales Counterpoint system, and the Dog Therapy Visitation program.

*SERVICE LEAGUE  
REPORT*

Dr. Timothy Tsoi reported there are 599 Medical Staff members which includes 358 active members.

*MEDICAL STAFF  
REPORT*

**The Hospital Calendar video highlighted the following events:**

*HOSPITAL CALENDAR:  
Community Outreach*

**Past Health Promotions & Outreach Events**

Outreach Events included:

- April 11<sup>th</sup> – Nutrition Myths
- April 17<sup>th</sup> – Early Detection and Prevention of Female Cancers
- April 20<sup>th</sup> – Go Green
- April 28<sup>th</sup> – Leaf Earth Day event in Niles
- May 2<sup>nd</sup> – Endometriosis: Causes, Symptoms, Diagnosis and Treatment
- May 3<sup>rd</sup> – Washington Sports Medicine First Aid Booth at Special Olympics track and field event at James Logan High School, Union City
- Participation in the 4-mile March of Dimes Walk for East Bay Babies
- May 7<sup>th</sup> – Gastrointestinal Disorders

**Upcoming Health Promotions & Community Outreach Events**

Health Promotions and Outreach Events will include:

- May 9<sup>th</sup> – Celebration of Life
- May 16<sup>th</sup> – Bad to the Bone: Understanding Osteoporosis
- June 4<sup>th</sup> – Wildfire Smoke and Your Lungs: Do You Need to Worry?
- June 6<sup>th</sup> – Diabetes and Foot Health

**Bay Area Healthier Together**

In the month of April, Bay Area Healthier Together's topic was nutrition health.

*HOSPITAL CALENDAR:  
Bay Area Healthier  
Together*

**Washington Hospital Healthcare Foundation**

- The Foundation hosted the 34<sup>th</sup> Annual Golf Tournament at Castlewood Country Club on Thursday, May 2, 2019 for more than 180 golfers.

*HOSPITAL CALENDAR:  
Washington Hospital  
Foundation Report*

**Board of Directors Report**

WTHCD Board Members attended the Fremont Leadership Prayer Breakfast and the Music at the Mission's Masquerade Ball on April 12<sup>th</sup>; Newark Chamber of Commerce's State of the City Address on April 25<sup>th</sup>; Citizens for Better Community Spring Celebration gala on April 27<sup>th</sup>; and the HERS Breast Cancer Foundation's People with Purpose gala on May 4<sup>th</sup>.

*WASHINGTON  
TOWNSHIP BOARD OF  
DIRECTORS REPORT*



### **Washington on Wheels**

The WOW Mobile Clinic provided quality health care services at the TCV Food Bank and Thrift Store, Sunrise Village, the Family Resource Center and the Irvington Presbyterian Church in Fremont; Ruggieri Senior Center, Union City Family Center, and Our Lady of the Rosary Church in Union City; and the Viola Blythe Community Services Center and the Salvation Army in Newark. The total number of community members receiving health care from the WOW van during the month of April was 91.

*WASHINGTON ON  
WHEELS (W.O.W.)  
MOBILE HEALTH  
CLINIC*

### **Internet and Social Media Marketing**

Washington Hospital's website serves as a central source of information for the communities the District serves and beyond. The most viewed page was Employment with 34,602 views.

*HOSPITAL CALENDAR:  
Internet and Social Media  
Marketing*

### **InHealth - Channel 78**

During the month of April, Washington Hospital's cable channel 78, InHealth, aired these programs:

- Metabolic Disorders
- Early Detection and Prevention of Female Cancers
- Diabetes and Kidneys
- Colorectal Cancer
- Food Pharmacy: Prescription for Colon Health
- Advance Care Planning: 5 Wishes
- April Board of Directors Meeting

*HOSPITAL CALENDAR:  
InHealth*

### **Awards and Recognition**

- LEED 2.2 certification for green building design of new construction. (LEED stands for Leadership in Energy and Environmental Design.)
- Daisy Award presented to Rinku Grewal RN. (Daisy is an acronym for Diseases Attacking the Immune System.)
- Washington Hospital and members of the Medical Staff were recipients of the Best of Fremont 2019 Awards and Honors.

*HOSPITAL CALENDAR:  
Awards and Recognition*

### **Employee of the Month**

Kevin Angulo, Washer Operator, joined Washington Hospital three years ago. He is responsible for linen delivery to more than twenty locations.

*HOSPITAL CALENDAR:  
Employee of the Month –  
Kevin Angulo*

Mary Bowron, Chief of Quality and Resource Management presented the Quality Dashboard for the quarter ending March 31, 2019 comparing WHHS statistics to State and National benchmarks. Venous Thromboembolism: VT Prevention dropped to 94%% and ICU VT Prevention remained even at 99%. Stroke: Our performance was perfect for Stroke Education. Discharge Meds to Prevent Clots increased to 100% and Rehab Assessment was at benchmark this quarter. Central Line Associated Bloodstream Infections: Our infection rate was lower than predicted. C-Difficile: We were higher than predicted this quarter. We had no MRSA Bloodstream Infections this past quarter. Five out of the last six quarters we

*QUALITY REPORT:  
Quality Dashboard:  
Quarter Ending March  
31, 2019*

had no VRE infections, which was better than our internal benchmark. We had no infections following colon surgery which was below the predicted number of infections. We had one infection following abdominal hysterectomy which was equal to the predicted number of infections. Our moderate fall with injury rate was slightly above the national rate for the quarter.

The National Patient Safety Goals were reviewed. The Hand Off Communication was 100%, better than the Joint Commission Goal of 90% for the last quarter, as well as over the past two years. Patient Identification was at 100% compliance in the last quarter. The Procedure Time Out was at 100% compliance. Hand Hygiene was at 83.9%.

We had a higher percent of 30-day medicare pneumonia readmissions compared to the CMS national benchmark (24.8% versus 16.7%). 30-day CHF readmissions were higher (25.0% versus 21.7%). Our 30-day readmission rate for AMI discharges was higher than the CMS benchmark (30% versus 16.0%).

Chris Henry, Chief Financial Officer, presented the Finance Report for March 2019. The average daily census was 211.6 with admissions of 1,123 resulting in 6,560 patient days. Outpatient observation equivalent days were 220. The average length of stay was 5.48 days. The case mix index was 1.440. Deliveries were 139. Surgical cases were 405. Joint Replacement cases were 141. Neurosurgical cases were 26. Cardiac Surgical cases were 11. The Outpatient visits were 8,114 and Emergency visits were 4,840. Total productive FTEs were 1,465.9. FTEs per adjusted occupied bed were 5.41.

*FINANCE REPORT*

Nancy Farber presented the Hospital Operations Report for April 2019. Preliminary information indicated gross revenue for the month at approximately \$147,847,000. The Average Length of Stay of 5.43 and there were 4,956 patient days. There were 388 Surgical Cases and 322 Cath Lab procedures at the Hospital. Deliveries were 121. Non-Emergency Outpatient visits were 7,880. Total FTEs per Adjusted Occupied Bed were 6.35. The Washington Outpatient Surgery Center had 498 cases and the clinics saw approximately 3,693 patients. Total Government Sponsored Preliminary Payor Mix was 75.2%, below the budget of 71.9%. Homeless Patient Total Encounters were 182 with an estimated unreimbursed cost of homeless care of \$378,000.

*HOSPITAL  
OPERATIONS REPORT*

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board of Directors authorize the Chief Executive Officer to execute the appropriate documents to proceed with the purchase of two Verathon Glidescopes in an amount not to exceed \$31,890.00.

*CONSIDERATION OF  
GLIDESCOPIES*

Director Nicholson seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee - aye

Jacob Eapen, MD – aye  
Michael Wallace – aye

The motion unanimously carried.

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board of Directors appoint Steven Chan, D.D.S. to fill the vacant position on the Washington Township Hospital Development Corporation Board of Directors for the remainder of the 2019 calendar year.

*CONSIDERATION OF  
APPOINTMENT TO  
DEVCO BOARD:  
STEVEN CHAN, D.D.S.*

Director Nicholson seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee - aye  
Jacob Eapen, MD – aye  
Michael Wallace – aye

The motion unanimously carried.

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board of Directors approve the Contrast Media Usage, GFR, and Hydration Protocol for use in the Medical Imaging Department as presented by the Medical Executive Committee.

*CONSIDERATION OF  
CONTRAST MEDIA  
USAGE, GFR, and  
HYDRATION  
PROTOCOL*

Director Nicholson seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee - aye  
Jacob Eapen, MD – aye  
Michael Wallace – aye

The motion unanimously carried.

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board of Directors approve the privileges for Endovascular Abdominal Aortic Aneurysm Stent Graft Placement (EVAR) and Thoracic Endovascular Aortic Aneurysm Stent Graft Placement (TEVAR) as presented by the Medical Executive Committee.

*CONSIDERATION OF  
PRIVILEGES FOR  
ENDOVASCULAR  
ABDOMINAL AORTIC  
ANEURYSM STENT  
GRAFT PLACEMENT  
(EVAR) AND THORACIC  
ENDOVASCULAR  
AORTIC ANEURYSM  
STENT GRAFT  
PLACEMENT (TEVAR)*

Director Nicholson seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee - aye  
Jacob Eapen, MD – aye

Michael Wallace – aye

The motion unanimously carried.

In accordance with Health & Safety Code Sections 1461, 1462 and 32106 and Government Section 54954.5(h) Director Stewart adjourned the meeting to closed session at 7:53 pm, as the discussion pertained to Hospital trade secrets, Human Resources matters, and Risk Management.

*ADJOURN TO CLOSED SESSION*

Director Stewart reconvened the meeting to open session at 8:00 pm and reported no action was taken in closed session.

*RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*

There being no further business, Director Stewart adjourned the meeting at 8:00 pm.

*ADJOURNMENT*

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Bernard Stewart  
President

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Michael J. Wallace  
Secretary

DRAFT

A meeting of the Board of Directors of the Washington Township Health Care District was held on Monday, May 20, 2019 in the Board Room, 2000 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 6:01 p.m. and led those present in the Pledge of Allegiance.

*CALL TO ORDER*

Roll call was taken. Directors present: Bernard Stewart, DDS; William Nicholson, MD; Jeannie Yee; Michael Wallace  
Absent: Jacob Eapen, MD

*ROLL CALL*

Also present: Nancy Farber, Chief Executive Officer; Ed Fayen, Senior Associate Administrator; Kimberly Hartz, Senior Associate Administrator; Chris Henry, Senior Associate Administrator; Dee Antonio, District Clerk

There were no oral communications.

*COMMUNICATIONS*

There were no written communications.

In accordance with Health & Safety Code Sections 32106 and California Government Code 54957, Director Stewart adjourned the meeting to closed session at 6:00 p.m., as the discussion pertained to personnel matters, trade secrets, and Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9.

*ADJOURN TO CLOSED SESSION*

Director Stewart reconvened the meeting to open session at 6:57 p.m. and reported no reportable action was taken in closed session.

*RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board of Directors authorize the Chief Executive Officer to proceed with the appropriate documents to complete the Schindler Elevator Enhancements project in an amount not to exceed \$130,100.00.

*CONSIDERATION OF SCHINDLER ELEVATOR ENHANCEMENTS*

Director Nicholson seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee – aye  
Jacob Eapen, MD – absent  
Michael Wallace – aye

The motion carried.

In accordance with District Law, Policies and Procedures, Director Wallace moved that the Board of Directors authorize the Chief Executive Officer to proceed with the appropriate documents to complete the Second Floor Birthing Center Security Enhancements in an amount not to exceed \$81,938.00.

*CONSIDERATION OF SECOND FLOOR BIRTHING CENTER SECURITY ENHANCEMENTS*

Director Nicholson seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee – aye

Board of Directors' Meeting  
May 20, 2019  
Page 2

Jacob Eapen, MD – absent  
Michael Wallace – aye

The motion carried.

There being no further business, Director Stewart adjourned the meeting at 6:59 p.m. *ADJOURNMENT*

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Bernard Stewart  
President

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Michael J. Wallace  
Secretary

DRAFT

A meeting of the Board of Directors of the Washington Township Health Care District was held on Wednesday, May 22, 2019 in the Board Room, 2000 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 6:00 p.m. and led those present in the Pledge of Allegiance.

CALL TO ORDER

Roll call was taken. Directors present: Bernard Stewart, DDS; William Nicholson, MD; Jeannie Yee; Jacob Eapen, MD ; Michael Wallace  
Excused:

ROLL CALL

Also present: Kimberly Hartz, Senior Associate Administrator; Ed Fayen, Senior Associate Administrator; Chris Henry, Chief Associate Administrator; Stephanie Williams, Associate Administrator; Graham Beck, Bond Counsel; Dee Antonio, District Clerk

There were no oral communications.

COMMUNICATIONS

There were no written communications.

Director Stewart stated the following: *Tonight, we have an action item regarding the issuance of refunding and revenue bonds by the District. A representative from our Bond Counsel firm, Graham Beck of Nixon Peabody LLP, is present and available to answer any questions regarding this item.*

CONSIDERATION OF  
RESOLUTION 1196 –  
REFUNDING AND  
REVENUE BONDS  
SERIES 2019

*Item VI. A on the Agenda, Resolution No. 1196, Resolution Approving the Issuance and Sale of and Determining to Proceed with Negotiated Sale of Certain Refunding and Revenue Bonds of the District in an Aggregate Principal Amount Not to Exceed \$58,000,000, Approving the Execution and Delivery of a Supplemental Indenture, a Bond Purchase Contract, an Escrow Agreement, a Continuing Disclosure Agreement, a Preliminary Official Statement and Certain Other Actions Related Thereto. At this time, I would open the floor to questions from members of the Board. Are there any questions regarding this resolution?*

*Hearing none, at this point I ask if there are any members of the public who would like to comment.*

*Hearing none, I move for approval of Resolution No. 1196, Resolution Approving the Issuance and Sale of and Determining to Proceed with Negotiated Sale of Certain Refunding and Revenue Bonds of the District in an Aggregate Principal Amount Not to Exceed \$58,000,000, Approving the Execution and Delivery of a Supplemental Indenture, a Bond Purchase Contract, an Escrow Agreement, a Continuing Disclosure Agreement, a Preliminary Official Statement and Certain Other Actions Related Thereto.*

Director Nicholson seconded the motion. There was no discussion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee – aye  
Jacob Eapen, MD – aye  
Michael Wallace – aye

The motion unanimously carried.

Director Stewart stated: *Next is Item VI. B on the Agenda. Resolution No. 1197, Authorizing the Issuance and Sale of the Washington Township Health Care District 2019 General Obligation Refunding Bonds in an Aggregate Principal Amount Not to Exceed \$12,675,000, and Approving Certain Other Actions Related to the Bonds. At this time, I would open the floor to questions from members of this Board. Are there any questions regarding the resolution?*

*CONSIDERATION OF  
RESOLUTION 1197 –  
GENERAL OBLIGATION  
REFUNDING BONDS*

*Hearing none] at this point I would also open the floor to comments from members of the public. Hearing none, at this point I would entertain a motion on Item Vi. B.*

Director Wallace moved for adoption of Resolution No. 1197 which is the Resolution of the Board of Directors of Washington Township Health Care District authorizing the issuance and sale of its 2019 General Obligation Refunding Bonds in an aggregate principal amount not to exceed \$12,675,000 and approving certain other matters relating to the bonds.

Dr. Nicholson seconded the motion.

Roll call was taken:

Bernard Stewart, DDS – aye  
William Nicholson, MD – aye  
Jeannie Yee – aye  
Jacob Eapen, MD – aye  
Michael Wallace – aye

The motion unanimously carried.

In accordance with Health & Safety Code Sections 32106 and California Government Code 54957, Director Stewart adjourned the meeting to closed session at 6:09 p.m., as the discussion pertained to personnel matters, trade secrets, and Conference with Legal Counsel regarding existing litigation pursuant to California Government Code Section 54956.9.

*ADJOURN TO CLOSED  
SESSION*

Director Stewart reconvened the meeting to open session at 6:49 p.m. and reported no reportable action was taken in closed session.

*RECONVENE TO OPEN  
SESSION & REPORT ON  
CLOSED SESSION*

There being no further business, Director Stewart adjourned the meeting at 6:49 p.m.

*ADJOURNMENT*

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Bernard Stewart  
President

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Michael J. Wallace  
Secretary



A meeting of the Board of Directors of the Washington Township Health Care District was held on Tuesday, May 28, 2019 in the Board Room, Washington Hospital, 2000 Mowry Avenue, Fremont, California. Director Stewart called the meeting to order at 7:30 a.m. *CALL TO ORDER*

Roll call was taken. Directors present: William Nicholson, MD; Bernard Stewart DDS; Jacob Eapen *ROLL CALL*  
Excused: Michael Wallace, Jeannie Yee

Also present: Timothy Tsoi, MD; Kranthi Achanta, MD; Peter Lunny, MD; Jan Henstorf, MD; Jeffrey Stuart, MD; John Romano, MD; Prasad Kilaru, MD; Nancy Farber, CEO

There were no oral or written communications. *COMMUNICATIONS*

Director Stewart adjourned the meeting to closed session at 7:30 a.m. as the discussion pertained to Medical Audit and Quality Assurance Matters pursuant to Health & Safety Code Sections 1461 and 32155. *ADJOURN TO CLOSED SESSION*

Director Stewart reconvened the meeting to open session at 8:15 a.m. and reported no reportable action was taken in closed session. *RECONVENE TO OPEN SESSION & REPORT ON CLOSED SESSION*

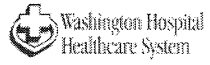
There being no further business, the meeting was adjourned at 8:15 a.m. *ADJOURNMENT*

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Bernard Stewart  
President

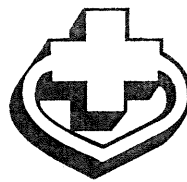
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Michael Wallace  
Secretary



**WASHINGTON HOSPITAL**  
**MONTHLY OPERATING REPORT**

**April 2019**



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# Memorandum

**DATE:** June 4, 2019  
**TO:** Board of Directors  
**FROM:** Nancy Farber  
**SUBJECT:** Washington Hospital – April 2019  
Operating & Financial Activity

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## SUMMARY OF OPERATIONS – (Blue Schedules)

### 1. Utilization – Schedule Board 3

	April Actual	April Budget	Current 12 Month Avg.
<u>ACUTE INPATIENT:</u>			
Average Daily Census	165.2	178.9	163.6
# of Admissions	990	1,087	991
Patient Days	4,956	5,368	4,970
Discharge ALOS	5.43	4.94	4.92
<u>OUTPATIENT:</u>			
OP Visits	7,880	7,085	7,434
ER Visits	4,337	4,840	4,251
Observation Equivalent Days – OP	164	142	172

Comparison of April acute inpatient statistics to those of the budget showed a lower level of admissions and a lower level of patient days. The average length of stay (ALOS) based on discharged days was above budget. Outpatient visits were higher than budget. Emergency Room visits were below budget for the month.

### 2. Staffing – Schedule Board 3

Total paid FTEs were 18.5 below budget. Total productive FTEs for April were 1,367.4, 2.1 below the budgeted level of 1,369.5. Nonproductive FTEs were 16.4 below budget. Productive FTEs per adjusted occupied bed were 5.65, 0.07 below the budgeted level of 5.72. Total FTEs per adjusted occupied bed were 6.35, 0.16 below the budgeted level of 6.51.

3. **Income - Schedule Board 1**

For the month of April the Hospital realized a loss of \$2,550,000 from operations.

Total Gross Patient Service Revenue of \$176,072,000 for April was 6.3% below budget.

Deductions from Revenue of \$139,948,000 represented 79.48% of Total Gross Patient Service Revenue. This percentage is above the budgeted amount of 78.67%, primarily due to payor mix.

Total Operating Revenue of \$36,737,000 was \$4,146,000 (10.1%) below the budget.

Total Operating Expense of \$39,287,000 was \$739,000 (1.9%) above the budgeted amount.

The Total Non-Operating Income of \$317,000 for the month includes an unrealized gain on investments of \$235,000 and property tax revenue of \$1,439,000.

The Total Net Loss for April was \$2,233,000, which was \$4,416,000 less than the budgeted income of \$2,183,000.

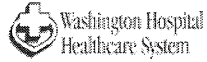
The Total Net Loss for April using FASB accounting principles, in which the unrealized loss or income on investments, net interest expense on GO bonds and property tax revenues are removed from the non-operating income and expense, was \$2,749,000 compared to budgeted income of \$1,931,000.

4. **Balance Sheet – Schedule Board 2**

There were no noteworthy changes in assets and liabilities when compared to March 2019.

NANCY FARBER  
Chief Executive Officer

NF/CH



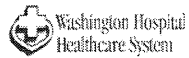
**WASHINGTON HOSPITAL  
INDEX TO BOARD FINANCIAL STATEMENTS  
April 2019**

<b><u>Schedule Reference</u></b>	<b><u>Schedule Name</u></b>
<b>Board - 1</b>	Statement of Revenues and Expenses
<b>Board - 2</b>	Balance Sheet
<b>Board - 3</b>	Operating Indicators

**WASHINGTON HOSPITAL**  
**STATEMENT OF REVENUES AND EXPENSES**  
**April 2019**  
**GASB FORMAT**  
**(In thousands)**

April				YEAR TO DATE				
ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.		ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
\$ 120,155	\$ 140,440	\$ (20,285)	-14.4%	1	\$ 1,228,293	\$ 1,354,832	\$ (126,539)	-9.3%
55,917	47,407	8,510	18.0%	2	523,403	434,546	88,857	20.4%
<b>176,072</b>	<b>187,847</b>	<b>(11,775)</b>	<b>-6.3%</b>	3	<b>1,751,696</b>	<b>1,789,378</b>	<b>(37,682)</b>	<b>-2.1%</b>
(137,533)	(143,837)	6,304	4.4%	4	(1,332,345)	(1,363,120)	30,775	2.3%
(2,415)	(3,949)	1,534	38.8%	5	(41,472)	(37,505)	(3,967)	-10.6%
<b>(139,948)</b>	<b>(147,786)</b>	<b>7,838</b>	<b>5.3%</b>	6	<b>(1,373,817)</b>	<b>(1,400,625)</b>	<b>26,808</b>	<b>1.9%</b>
<b>79.48%</b>	<b>78.67%</b>			7	<b>78.43%</b>	<b>78.27%</b>		
<b>36,124</b>	<b>40,061</b>	<b>(3,937)</b>	<b>-9.8%</b>	8	<b>377,879</b>	<b>388,753</b>	<b>(10,874)</b>	<b>-2.8%</b>
613	822	(209)	-25.4%	9	8,342	7,619	723	9.5%
<b>36,737</b>	<b>40,883</b>	<b>(4,146)</b>	<b>-10.1%</b>	10	<b>386,221</b>	<b>396,372</b>	<b>(10,151)</b>	<b>-2.6%</b>
17,721	17,828	107	0.6%	11	173,726	173,948	222	0.1%
5,959	5,713	(246)	-4.3%	12	64,891	64,489	(402)	-0.6%
5,158	4,934	(224)	-4.5%	13	49,269	48,071	(1,198)	-2.5%
4,291	4,658	367	7.9%	14	45,288	46,938	1,650	3.5%
1,630	1,636	6	0.4%	15	16,575	16,830	255	1.5%
4,528	3,779	(749)	-19.8%	16	33,315	33,550	235	0.7%
<b>39,287</b>	<b>38,548</b>	<b>(739)</b>	<b>-1.9%</b>	17	<b>383,064</b>	<b>383,826</b>	<b>762</b>	<b>0.2%</b>
<b>(2,550)</b>	<b>2,335</b>	<b>(4,885)</b>	<b>-209.2%</b>	18	<b>3,157</b>	<b>12,546</b>	<b>(9,389)</b>	<b>-74.8%</b>
<b>-6.94%</b>	<b>5.71%</b>			19	<b>0.82%</b>	<b>3.17%</b>		
351	334	17	5.1%	20	3,608	3,467	141	4.1%
19	-	19	0.0%	21	(391)	-	(391)	0.0%
(1,889)	(2,056)	167	8.1%	22	(13,694)	(14,308)	614	4.3%
269	238	31	13.0%	23	2,698	2,605	93	3.6%
(107)	(107)	-	0.0%	24	(1,611)	(1,611)	-	0.0%
-	-	-	0.0%	25	(2,402)	(2,379)	(23)	-1.0%
1,439	1,439	-	0.0%	26	14,307	14,307	-	0.0%
235	-	235	0.0%	27	2,309	-	2,309	0.0%
<b>317</b>	<b>(152)</b>	<b>469</b>	<b>308.6%</b>	28	<b>4,824</b>	<b>2,081</b>	<b>2,743</b>	<b>131.8%</b>
<b>\$ (2,233)</b>	<b>\$ 2,183</b>	<b>\$ (4,416)</b>	<b>-202.3%</b>	29	<b>\$ 7,981</b>	<b>\$ 14,627</b>	<b>\$ (6,646)</b>	<b>-45.4%</b>
<b>-6.08%</b>	<b>5.34%</b>			30	<b>2.07%</b>	<b>3.69%</b>		
<b>\$ (2,749)</b>	<b>\$ 1,931</b>	<b>\$ (4,680)</b>	<b>-242.4%</b>	31	<b>\$ (468)</b>	<b>\$ 8,569</b>	<b>\$ (9,037)</b>	<b>-105.5%</b>
<b>-7.48%</b>	<b>4.72%</b>				<b>-0.12%</b>	<b>2.16%</b>		

\*\*NET INCOME (FASB FORMAT) EXCLUDES PROPERTY TAX INCOME, NET INTEREST EXPENSE ON GO BONDS AND UNREALIZED GAIN(LOSS) ON INVESTMENTS

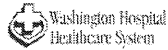


**WASHINGTON HOSPITAL  
BALANCE SHEET**

April 2019  
(In thousands)

SCHEDULE BOARD 2

ASSETS AND DEFERRED OUTFLOWS			April 2019	Audited June 2018	LIABILITIES, NET POSITION AND DEFERRED INFLOWS			April 2019	Audited June 2018		
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>						
1	CASH & CASH EQUIVALENTS	\$	30,632	\$	31,346	1	CURRENT MATURITIES OF L/T OBLIG	\$	8,550	\$	7,200
2	ACCOUNTS REC NET OF ALLOWANCES		64,664		58,517	2	ACCOUNTS PAYABLE		20,614		43,344
3	OTHER CURRENT ASSETS		14,770		11,100	3	OTHER ACCRUED LIABILITIES		48,657		53,279
4	TOTAL CURRENT ASSETS		110,066		100,963	4	INTEREST		7,536		12,090
						5	TOTAL CURRENT LIABILITIES		85,357		115,913
<b>ASSETS LIMITED AS TO USE</b>					<b>LONG-TERM DEBT OBLIGATIONS</b>						
6	BOARD DESIGNATED FOR CAPITAL AND OTHER		151,108		172,782	6	REVENUE BONDS AND OTHER		224,440		231,469
7	GENERAL OBLIGATION BOND FUNDS		43		15,355	7	GENERAL OBLIGATION BONDS		335,946		338,739
8	REVENUE BOND FUNDS		18,580		47,409						
9	BOND DEBT SERVICE FUNDS		18,274		29,413	<b>OTHER LIABILITIES</b>					
10	OTHER ASSETS LIMITED AS TO USE		12,429		12,161	10	NET PENSION LIABILITY		60,735		42,389
11	TOTAL ASSETS LIMITED AS TO USE		200,434		277,120	11	WORKERS' COMP		8,226		8,118
						12	SUPPLEMENTAL MEDICAL RETIREMENT		36,498		70,252
13	OTHER ASSETS		195,650		175,600						
14	NET PROPERTY, PLANT & EQUIPMENT		724,349		725,883	14	NET POSITION		498,509		490,528
15	TOTAL ASSETS	\$	1,230,499	\$	1,279,566	15	TOTAL LIABILITIES AND NET POSITION	\$	1,249,711	\$	1,297,408
16	DEFERRED OUTFLOWS		68,136		39,445	16	DEFERRED INFLOWS		48,924		21,603
17	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$	1,298,635	\$	1,319,011	17	TOTAL LIABILITIES, NET POSITION AND DEFERRED INFLOWS	\$	1,298,635	\$	1,319,011



**WASHINGTON HOSPITAL  
OPERATING INDICATORS  
April 2019**

12 MONTH AVERAGE	April						YEAR TO DATE			
	ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.			ACTUAL	BUDGET	FAV (UNFAV) VAR	% VAR.
	<b><u>PATIENTS IN HOSPITAL</u></b>									
163.6	165.2	178.9	(13.7)	-8%	1	ADULT & PEDS AVERAGE DAILY CENSUS	165.7	171.6	(5.9)	-3%
5.6	5.5	4.7	0.8	17%	2	OUTPT OBSERVATION AVERAGE DAILY CENSUS	5.7	4.3	1.4	33%
8.8	8.5	10.3	(1.8)	-17%	3	NEWBORN NURSERY AVERAGE DAILY CENSUS	8.9	9.8	(0.9)	-9%
178.0	179.2	193.9	(14.7)	-8%	4	TOTAL	180.3	185.7	(5.4)	-3%
3.4	2.3	3.7	(1.4)	-38%	5	SPECIAL CARE NURSERY AVERAGE DAILY CENSUS *	3.4	4.4	(1.0)	-23%
4,970	4,956	5,368	(412)	-8%	6	ADULT & PEDS PATIENT DAYS	50,385	52,160	(1,775)	-3%
991	990	1,087	(97)	-9%	7	ADMISSIONS-ADULTS & PEDS	9,899	10,953	(1,054)	-10%
4.92	5.43	4.94	0.49	10%	8	AVERAGE LENGTH OF STAY-ADULTS & PEDS	5.02	4.76	0.26	5%
	<b><u>OTHER KEY UTILIZATION STATISTICS</u></b>									
1.468	1.456	1.476	(0.020)	-1%	9	OVERALL CASE MIX INDEX (CMI)	1.461	1.482	(0.021)	-1%
	<b><u>SURGICAL CASES</u></b>									
145	168	151	17	11%	10	JOINT REPLACEMENT CASES	1,451	1,437	14	1%
25	26	24	2	8%	11	NEUROSURGICAL CASES	244	272	(28)	-10%
8	5	9	(4)	-44%	12	CARDIAC SURGICAL CASES	73	103	(30)	-29%
200	189	196	(7)	-4%	13	GENERAL SURGICAL CASES	2,007	1,862	145	8%
378	388	380	8	2%	14	TOTAL SURGICAL CASES	3,775	3,674	101	3%
349	322	350	(28)	-8%	15	TOTAL CATH LAB PROCEDURES	3,487	3,353	134	4%
128	121	146	(25)	-17%	16	DELIVERIES	1,289	1,452	(163)	-11%
7,434	7,880	7,085	795	11%	17	OUTPATIENT VISITS	74,615	73,172	1,443	2%
4,251	4,337	4,840	(503)	-10%	18	EMERGENCY VISITS	42,648	45,942	(3,294)	-7%
	<b><u>LABOR INDICATORS</u></b>									
1,282.2	1,367.4	1,369.5	2.1	0%	19	PRODUCTIVE FTE'S	1,294.9	1,324.5	29.6	2%
178.9	170.7	187.1	16.4	9%	20	NON PRODUCTIVE FTE'S	179.3	189.5	10.2	5%
1,461.1	1,538.1	1,556.6	18.5	1%	21	TOTAL FTE'S	1,474.2	1,514.0	39.8	3%
5.58	5.65	5.72	0.07	1%	22	PRODUCTIVE FTE/ADJ. OCCUPIED BED	5.48	5.84	0.36	6%
6.37	6.35	6.51	0.16	2%	23	TOTAL FTE/ADJ. OCCUPIED BED	6.24	6.68	0.44	7%

\* included in Adult and Peds Average Daily Census



**RESOLUTION NO. 1198  
BUDGET ESTIMATE  
FY 2019-2020**

**BE IT RESOLVED**, that the following be, and the same is hereby adopted as the estimate of the Board of Directors as the amount of money required for the Fiscal Year 2019-2020:

SALARIES, WAGES & BENEFITS	\$294,245,000
SUPPLIES & SERVICES	125,026,000
INSURANCE & UTILITIES	7,657,000
RESERVES – DEPRECIATION	49,953,000
FIXED ASSETS	7,803,000
REVENUE BOND PRINCIPAL & INTEREST	17,718,000
GENERAL OBLIGATION BOND PRINCIPAL & INTEREST	16,839,000
BOND ISSUANCE COSTS	750,000
RESERVES – CAPITAL & OPERATIONS	<u>&lt;18,598,000&gt;</u>
TOTAL	<u>\$501,392,000</u>

**AND, BE IT FURTHER RESOLVED** that WASHINGTON TOWNSHIP HEALTH CARE DISTRICT shall, for the benefit of the communities served by the District, continue to financially support WASHINGTON TOWNSHIP HOSPITAL DEVELOPMENT CORPORATION in its operations to promote the charitable and community service mission of the District.

**PASSED AND ADOPTED** by the Board of Directors of WASHINGTON TOWNSHIP HEALTH CARE DISTRICT this 12<sup>th</sup> day of June, 2019, by the following vote:

AYES: Directors Stewart, Nicholson, Wallace, Eapen, Yee

NOES:

ABSENT:

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BERNARD STEWART, DDS  
President of the Washington Township  
Health Care District Board of Directors

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JEANNIE YEE  
Secretary of the Washington Township  
Health Care District Board of Directors



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# Memorandum

**DATE:** June 7, 2019

**TO:** Board of Directors  
Washington Township Health Care District

**FROM:** Nancy Farber  
Chief Executive Officer

**SUBJECT:** Strategic Map FY 2020-2022

Attached for your approval is the Washington Hospital Healthcare System Strategic Map: FY 2020-2022. Washington Hospital Healthcare System has continued to work with Tim Fallon from the Clarion Group who has extensive experience facilitating strategic planning processes. Mr. Fallon has assisted the organization with further development of our strategic plan. Mr. Fallon conducted extensive interviews with leadership, staff, physicians, and other stakeholders.

During the development of this strategic map, Washington focused on achieving strategic effectiveness – an organization’s ability to set the right goals and consistently achieve them. The planning process entailed assessing the current situation of Washington Hospital Healthcare System, the status of existing strategic goals, setting the future direction, and then creating a strategic map that depicts how to move from the “current” state to the “future.” The strategic map depicts the key elements of Washington’s three-year strategy with the understanding that adjustments may need to be made as the environment changes.

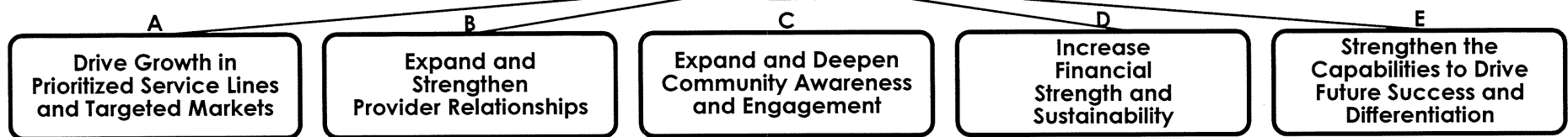
The oval at the top of the strategic map represents the central challenge. This challenge is supported by strategic priorities and objectives that will be the focus over the next three years. Overall, Washington Hospital Healthcare System has been very successful and the proposed Washington Hospital Healthcare System Strategic Map: FY 2020-2022 will assist us with the direction for continued success.

In accordance with District Law, Policies, and Procedures, I request that the Board of Directors approve and adopt the Washington Hospital Healthcare System Strategic Map: FY 2020-22 which depicts the key elements of Washington’s three-year strategy with the understanding that adjustments may need to be made as the environment changes.

# Washington Hospital Healthcare System Strategic Map: FY2020-2022

Draft: May 1, 2019

**Position WHHS as the  
Healthcare System of Choice for  
Patients, Providers, Staff,  
District Residents and All Payers**



**A**

**Drive Growth in Prioritized Service Lines and Targeted Markets**

- Implement Growth Strategies for Key Service Lines
- Pursue Trauma Center Designation and Funding
- Implement New Inpatient and Outpatient Service Opportunities
- Implement Referral Network

**B**

**Expand and Strengthen Provider Relationships**

- Expand and Strengthen WTMF
- Strengthen Alignment with Independent Physicians
- Create Integrated Network Across the Continuum of Care
- Create Behavioral Health Services for the Community

**C**

**Expand and Deepen Community Awareness and Engagement**

- Implement Marketing Strategy for Prioritized Service Lines
- Expand and Deepen Awareness of the WHHS Brand
- Educate Owners on the Unique Value of Being a District Hospital
- Strengthen and Expand Partnerships with Key Community Organizations

**D**

**Increase Financial Strength and Sustainability**

- Implement Operational and Financial Metrics and to Optimize Value and Reduce Cost
- Develop and Implement Fundraising Strategy
- Standardize Care Using Best Practices

**E**

**Strengthen the Capabilities to Drive Future Success and Differentiation**

- Implement Next Phase of Facilities Master Plan
- Enhance the Patient Experience Program
- Improve Recruiting and Retention
- Enhance the Employee Experience
- Continue to Integrate Lean into WHHS Culture and Operations

**F** **Implement Mission-Critical Technology to Enhance Patient Experience**

**G** **Strengthen and Expand Strategic Alliances and Partnerships Across the Continuum of Care**

**H** **Drive Continuous Improvements in Quality, Safety, Value and Patient Experience**



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# Memorandum

**DATE:** June 6, 2019  
**TO:** Nancy Farber, Chief Executive Officer  
**FROM:** Ed Fayen, Senior Associate Administrator  
**SUBJECT:** Special Care Nursery Upgrade

The Special Care Nursery (SCN) was remodeled over 10 years ago. After UCSF contracted to provide Physician services to the SCN, UCSF Physicians noted that the unit was in need of upgrading.

Our plan is to complete a finish upgrade of the SCN, utilizing hospital staff to complete the work. Flooring, painting and wall paper, and improvements to the nurse's station will all be included in this upgrade.

We had budgeted \$109,250.00 to upgrade this unit. In addition, the Service League has contributed \$60,000.00 recently for these improvements.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to proceed with the necessary contracts to complete the Special Care Nursery Upgrades for an amount not to exceed \$169,250.00.



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# Memorandum

**DATE:** June 6, 2019  
**TO:** Nancy Farber, Chief Executive Officer  
**FROM:** Ed Fayen, Senior Associate Administrator  
**SUBJECT:** WestCom Upgrade

WestCom is the provider of our nurse call system in both the main tower and the MHCCP. When the nurse call system was specified for the MHCCP, it excluded a nurse locator and emergency communication capability that could be incorporated into a nurse's badge.

After the move to MHCCP, we have seen an increase in the number of incidents involving aggressive or abusive patients and visitors towards our staff. The need for nurses to emergently communicate with the appropriate nursing station and the security department has grown tenfold. We would like to upgrade the WestCom system so that nurse tracking and nurse emergency communication is included in the system. The cost for this upgrade is \$356,300.00. It was not included in the FY 2019 capital budget. We are trading out money that was set aside for the pre-op testing capital project.

This is a major safety improvement and will improve the communication capabilities of our nursing staff at the times they need it most.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to proceed with the necessary contracts to complete the WestCom nurses call system upgrades for an amount not to exceed \$356,300.00.



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# Memorandum

**DATE:** June 6, 2019  
**TO:** Nancy Farber, Chief Executive Officer  
**FROM:** Ed Fayen, Senior Associate Administrator  
**SUBJECT:** Capital Purchase – Electrosurgical Units

Attached is a requisition for the capital purchase of seven (7) Medtronic F10 electrosurgical units. This equipment is frequently used by surgeons for electrosurgical dissection and to cauterize bleeding vessels.

This device is used in the Operating Room, and the FY 2019 Capital Budget included the funds to replace and standardize these units. We currently use a mix of different vendors for the energy source, and this will allow us to standardize to one (1) vendor.

This unit was trialed for a month and the surgeons gave positive reviews. Through an agreement with WCPC, we have competitive pricing for the equipment, and we expect to save approximately \$125,000.00 per year on the disposable supplies.

The current equipment that these units will replace was purchased over the time period of 1999 to 2010 and holds no book value. There is \$169,744.00 in the FY 2019 Capital Budget for this purchase. We are requesting to use \$130,000.00 for this purchase.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to proceed with the purchase of the electrosurgical units in the amount of \$130,000.00.



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# Memorandum

**DATE:** June 6, 2019

**TO:** Nancy Farber, Chief Executive Officer

**FROM:** Ed Fayen, Senior Associate Administrator  
Chris Henry, Sr. Associate Administrator  
John Lee, Chief Information Officer

**SUBJECT:** Patient Estimates Solution

There is a growing demand for transparent, readily available pricing estimates for patients. The implementation of a Patient Estimate solution will enable our internal staff and, ultimately, our patient population to see and understand the out-of-pocket expense of our services.

By implementing the Experian Patient Estimates solution, we will be able to provide a configurator for hospital staff to use to generate procedure price estimates. After trialing this program, we will make available a self-service web portal for prospective patients who prefer to generate and review pricing options on their own. The platform is hosted and will be updated regularly with information from our chargemaster. We estimate the full solution will take 7 months to install. This project was not included in the FY 2019 capital project budget.

In accordance with District Law, Policies and Procedures, it is requested that the Board of Directors authorize the Chief Executive Officer to enter into the necessary contracts to proceed with the purchase of implementation services and software for a total amount not to exceed \$72,521.00.



Gonsalves & Kozachenko  
2201 Walnut Ave., Suite 220  
Fremont, CA 94538  
P: 510-770-3900 F: 510-894-3027

GONSALVES & KOZACHENKO  
ATTORNEYS AT LAW

June 7, 2019

To: Board of Directors  
From: Paul Kozachenko, Legal Counsel

RE: *Consideration of the Chief Executive Officer's Employment Agreement: At-Risk Compensation*

Background

The Chief Executive Officer is the only employee of the District who is hired directly by the Board. Annually the Board reviews the CEO's performance as required by the employment agreement. As a part of that process, the Board considers data provided by an independent healthcare compensation consultant and any and all other factors the Board considers important. The Board then decides whether or not compensation should be adjusted and whether to make an award of "at-risk" compensation.

The District has a long-standing philosophy of wage parity for all employees, which includes the CEO. Wage parity means the CEO is not paid at the top of the scale nor is she compensated towards the bottom. The District's compensation philosophy of marketplace parity establishes a base salary for the CEO at around the 65th percentile of her peer group and an "at risk" amount as a percentage of base salary based on the CEO's performance for the year.

According to Integrated Healthcare Strategies<sup>1</sup>, over 75% of the organizations in the California group have an annual executive incentive plan. The median target opportunity is 25% of base salary and the median maximum opportunity is 35%. Last year, the Board approved a 25% award.

For purposes of applying its compensation philosophy, in January 2015 the Board decided to adopt a peer group consisting of California peers rather than continue using the previously designated "blended peer group." The Board felt the change was appropriate and more in line with the California market.

With regard to consideration of an award of "at-risk" compensation as described above, the Board has reserved the right to adjust the amount of the at-risk award to reflect adjustments to the peer group ranges and also the CEO's performance.

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<sup>1</sup> Integrated Healthcare Strategies/Arthur J. Gallagher & Company is a leading healthcare compensation consultant in the United States. Hundreds of healthcare systems use IHS' services, as an independent consultant, to satisfy Internal Revenue regulations for determining the range of reasonable compensation.

Last year, the Board awarded 25% which is also consistent with the median target opportunity in the California peer group.

An award of 25% of base salary would equal \$218,483. An award at the median maximum amount of 35% would equal \$305,876 and an award at 30% would equal \$262,180. Any of these amounts would be equal or less than the median maximum opportunities for CEO's in the California peer group.

Historically, the Board has considered a number of factors in determining the amount of the "at-risk" portion of the CEO's compensation. These factors include a consideration of various accomplishments during the past fiscal year. The Board has received a separate memorandum from the CEO which includes a list of accomplishments for the Board's consideration in determining an award of "at-risk" compensation.

In summary, the Board should consider the following for action:

1. An award of "at-risk" compensation based on the Board's compensation philosophy, including the CEO's accomplishments for the 2018-2019 fiscal year.



# Memorandum

DATE: June 12, 2019

TO: Board of Directors, Washington Township Health Care District

FROM: Nancy Farber, Chief Executive Officer

SUBJECT: Summary: Fiscal Year 2018-2019

Without a doubt, the highlight of this past fiscal year was the completion and grand opening of the Morris Hyman Critical Care Pavilion. This project was completed on time and under budget. Early in November, CDPH conducted a licensing survey of the Pavilion. After a lengthy discussion with the surveyors and some definitive persuasion on my part, the surveyors presented us with three items requiring attention, which we resolved to their satisfaction within 24 hours, resulting in full licensure of Morris Hyman Critical Care Pavilion. A successful Move Day resulted in safely transporting fifty-seven (57) patients to the new Critical Care, Oncology, Telemetry, and Intermediate Care Medical/Surgical Units.

The Institutional Agenda for 2018-19 called for review and update of the Strategic Map. The Strategic Map for 2020-2022 will be presented at the June 12, 2019 Board meeting.

The Financial results, while as of yet unaudited, did not meet expectations due to the drivers listed below:

	Projected Actual	Budget
EBITDA	\$24,841,000	\$44,611,000
Major variance drivers:		
Deferred Price Increase		(1,500,000)
Unfavorable Bad Debt Rate		(6,700,000)
Favorable Contractuals Rate		6,000,000
Decrease in OB Volume		(2,900,000)
Joints to Outpatient		(2,600,000)
Unfavorable ED Volume		(6,500,000)

In an industry already drowning in unfunded mandates, SB 1152 became law as of January 1, 2019. Its cost to the District is projected to be \$3,106,514 for this fiscal year alone. This law has literally created a false expectation that the legislature has substantively addressed the homeless problem. We feed and clothe them as required, but they still have nowhere to go. We are required to provide transportation, but no cab company will agree to accept them as passengers. It appears that the State legislature is thoroughly committed to this delusional approach to homelessness and unwilling to entertain the notion that they might have erred.

Our Healthcare System participated in these surveys this fiscal year:

- Commission on Cancer of the American College of Surgeons – Three year with Commendation accreditation
- American College of Surgeons National Accreditation Program for Breast Centers – Three year accreditation
- American Association of Cardiovascular and Pulmonary Rehabilitation – WHHS Pulmonary Rehabilitation Program Certification
- Dialysis Unit Licensing – granted August 2018
- Leed Certification for Morris Hyman Critical Care Pavilion

Among other quality initiatives, this past year we participated in the National Surgical Quality Improvement Program, achieving Meritorious Status in regards to surgical outcomes. This placed us in the top 10% of U.S. Hospitals for lowest mortality, lowest complications, lowest surgical site infections, lowest morbidity, lowest renal failure, and lowest urinary tract infections in Cardiac Surgery. Washington Hospital was also honored with the 2018 achievement award for meeting or surpassing the federal target aimed at reducing the state's low-risk, first birth Caesarean section by Smart Care California, and a state health care coalition. To receive this award, a California hospital must have achieved a C-section rate of 23.9 percent or lower for low-risk, first birth deliveries.

The validation we received from all these surveys was matched by the recognition of National rating organizations like Healthgrades. We were named one of America's Best Hospitals for Orthopedic Surgery. The American Heart Association and American Stroke Association granted Washington Hospital their Get With the Guidelines Stroke Gold Plus Quality Achievement Award and the "Target Stroke Elite Plus Award."

Following last year's work of a multidisciplinary Medical Staff Bylaws Committee which included representation from the Board of Directors and Administration, the Medical Staff as a whole voted overwhelmingly to approve and accept the new bylaws in September 2018. This entire process was remarkably collegial, collaborative, and productive and culminated with formal approval of the Medical Staff Bylaws by the Board of Directors at the October 2018 meeting.

Joining the Washington Township Medical Foundation this past year were Dr. Harpreet Singh in our Warm Springs Clinic; Dr. Mark Hsu to WTMF Urology; OB Hospitalist Director, Dr. Lawrence Tiglao, OBGYN Hospitalist and Medical Director; Dr. Timothy Ortlip, ENT; Dr. Nancy Stoll, Obesity Medicine at Danielson Clinic in Newark; Dr. William McNaught, Critical Care Intensivist; and Dr. Jennifer Chan, Thoracic surgeon. We are continuing to recruit and have interviews set up with an internist, a psychiatrist, three orthopedic surgeons, and a neurosurgeon.

In the arena of Human Resources, we concluded negotiations successfully with Local 856, and are initiating negotiations with CNA.

We are continuing to work to improve our Emergency Preparedness. In September, before the Morris Hyman Critical Care Pavilion was occupied by patients, we worked with the Fremont Police Department and Fremont Fire Department while they conducted an Active Shooter Drill. We are looking forward to Dr. Alan Spira's return to continue our preparedness for a mass casualty event.

There has been, as the Board is well aware, a ramping up of violence across the Nation in its Hospitals and Emergency Departments. Washington Hospital has not been immune to this phenomenon. It has been of paramount importance to intervene. We continue to work with our lobbyist in Sacramento to further develop the language for legislation that will make it a felony to assault any Hospital personnel. Such legislation already exists in 42 of the 50 states. The bill passed out of the Assembly Public Safety Committee on April 23<sup>rd</sup> and was passed by the assembly Appropriations Committee the end of May. Now the bill will go through a similar process in the Senate and, if passed, will go to the Governor's desk in the Fall for approval or veto.

In the meantime, we have been working on various processes to improve the safety on our campus to our patients and staff including the refinement of Code BERT, increased security in the Emergency Department, and continued use of the EDIE system to track problem patients. We created a Handbook for Patients and Visitors outlining the behavioral expectations and responsibilities for both patients and visitors and implemented a Behavioral Contract that is enforced by our Safety and Security Staff. We are also developing a policy for discontinuation of care for those patients who present a threat to the safety and security of our staff and other patients, and who are so disruptive that providing care becomes impossible.

In April 2018, Washington Hospital and ABC7 engaged in a relationship to raise awareness of health and wellness information throughout the Bay Area region. The partnership, titled Bay Area Healthier Together (BAHT), has positioned Washington Hospital and ABC7 as trusted community resources for all health-related information. Content developed for this relationship is aired on ABC7, is available on a co-branded website ([BayAreaHealthierTogether.com](http://BayAreaHealthierTogether.com)) and is shared on multiple social media channels. The following topics were featured in the first year of the partnership:

- April 2018, Bay Area Healthier Together introduction
- May 2018, Neurosciences
- June 2018, Cancer
- July 2018, Stroke

August 2018, Joint Replacement  
September 2018, Health Care Education  
October 2018, Building for the Future  
November 2018, Maternal Child Health and Prenatal Diagnostics  
December 2018, Mental Health  
January 2019, Women's Health  
February 2019, Heart Health  
March 2019, Diabetes  
April 2019, Nutrition  
May 2019, Stroke

These monthly topics are featured on ABC, the website and social media in video, articles and social media posts. The success of the program can be measured through various sources. The Bay Area Healthier Together website has had over 53,000 site visits and 79,000 page views in one year. Over 50 Washington Hospital affiliated physicians, care providers and patients have been featured through the programming. On the BAHT Facebook page, there have been over 45,000,000 impressions. On the YouTube channel, BAHT videos have been viewed 317,000 times. ABC7 has also aired over 2,200 TV spots with 62,000,000 impressions delivered to viewers. ABC7 has also shared digital ads, which have resulted in 11,500,000 impressions. Over the second 6 months of the relationship, we have seen growth in certain areas over the previous 6 months which shows how our awareness is continuing to grow. Facebook impressions grew 22% in the second half of year one for a year one total of 45,001,922. Facebook Total Reach grew 58% in the second half of year one for a year one total of 18,657,225. Facebook engaged users grew 51% in the second half of year one for a year one total of 762,108. The most viewed content over the first year were: stroke, ortho/joints, building for the future, and diabetes.

Overall, the BAHT relationship has allowed Washington Hospital increased visibility regionally and has increased awareness of Washington Hospital as a medical leader in the Bay Area. The total raised so far in the Critical Care Capital Campaign is \$5.56 million. The Foundation is now focusing on raising funds for a new MRI machine for the Hyman Pavilion and are submitted grants to the Hearst Foundation and the Gladys Valley Foundation.

This past year we continued our development and application of Lean technology. We held twelve workshops (Value Stream and Kaizen), seven of which were Morris Hyman Critical Care Pavilion transition related. The total number of attendees at the Lean workshops was 295.

Our partnership with UCSF has continued to grow and develop. Our Prenatal Diagnostic Center, led by Dr. Chyu, had a very successful first year of operation. Given the demand and volume of patients seen in the Clinic, WHHS has not had to pay for the backstop included in the

Professional Services Agreement for Dr. Chyu due to the professional fee offsets during any quarter this fiscal year. We successfully recruited Dr. Emi Yoshida from UCSF to staff the Washington Radiation Oncology Center and are currently finalizing a Joint Venture pro forma with UCSF. We are moving forward to build a second vault with groundbreaking expected in June. We have also developed a plan with UCSF to recruit an adolescent psychiatrist, a Fellow, and a psychologist to conduct a weekly adolescent behavioral health clinic at WHHS.

The following Information Services projects were completed in the past year:

- Epic Beacon module implementation for Oncology
- Epic Bed Planning, Transport and EVS implementation
- Morris Hyman Pavilion Data Center and Infrastructure Go Live
- Completed Interface from Ventilator Devices to Epic
- Dialysis Department Build and Go Live
- Wageworks Flex Spending Benefit Rollout
- Roth 403B Implementation
- Counterpoint Implementation for Gift Shop
- Epic System Migration to Morris Hyman Pavilion Data Center
- ADP eTime Upgrade to Version 8

These Information Services projects are scheduled to be completed by June 30, 2019:

- Brainlab System Upgrade in OR (Scheduled for May Go Live)
- OnBase Documentation System Upgrade (Scheduled for May Go Live)
- Commvault Backup System Upgrade (Scheduled for May Go Live)
- Epic System Upgrade to 2019 Version (Scheduled for July Go Live)

Sincerely,

Nancy Farber  
Chief Executive Officer

Gonsalves & Kozachenko  
2201 Walnut Ave., Suite 220  
Fremont, CA 94538  
P: 510-770-3900 F: 510-894-3027

GONSALVES & KOZACHENKO  
ATTORNEYS AT LAW

June 7, 2019

To: Board of Directors  
From: Paul Kozachenko, Legal Counsel

RE: *Approval of the Chief Executive Officer's Employment Agreement*

For the Board's approval, attached to this memo is a copy of the proposed employment agreement between the District and Kimberly Hartz for the position of Chief Executive Officer. The key terms of the proposed agreement are as follows:

- The term of the agreement is four years, consistent with the practice of the District related to its Chief Executive Officers. The term starts on July 1, 2019.
- Base Salary is set at 80% of the 65<sup>th</sup> percentile, or \$712,000. Integrated Healthcare Strategies has indicated that the 65<sup>th</sup> percentile is \$890,000 for Chief Executive Officers with experience. The Board's compensation philosophy targets the 65<sup>th</sup> percentile of the selected peer group for base salary for the Chief Executive Officer. Notwithstanding Ms. Hartz's substantial experience and knowledge as one of the Senior Associate Administrators of the District, she has not previously served as a Chief Executive Officer which justifies an amount less than the 65<sup>th</sup> percentile as she gains experience.
- Ms. Hartz may earn an incentive award of 25% of base salary if she meets certain annual goals.
- Ms. Hartz is entitled to benefits as provided to all employees at the District and also benefits commensurate with her position as Chief Executive Officer.



## **CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT**

THIS CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT ("Agreement"), made effective July 1, 2019 ("Effective Date"), is by and between the Washington Township Health Care District, a local Health Care District organized under the laws of the State of California, doing business as Washington Hospital Healthcare System ("District"), and Kimberly Hartz, ("Hartz").

### **RECITALS**

A. The District desires to employ Hartz, and Hartz desires to be employed by the District, as the District's Chief Executive Officer.

B. The District and Hartz desire to enter into this Agreement in order to fully set forth the terms of her employment by the District.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and conditions herein, and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, the parties hereby agree as follows:

### **AGREEMENT**

**1. Employment and Term.** The District hereby agrees to employ Hartz, and Hartz hereby accepts employment by the District, on the terms and conditions hereinafter set forth. Hartz's term of employment by the District under this Agreement (the "Term") shall commence on the Effective Date and end on the fourth anniversary thereof.

**2. Position, Duties and Responsibilities.**

(a) *Position and Duties.* During the Term, the District shall employ Hartz as Chief Executive Officer. Hartz shall have, subject to the general direction of the District's Board of Directors (the "Board"), general overall authority and responsibility for administration of the District, including but not limited to the duties specified in Exhibit A. Hartz shall also have such other duties, powers, and authority as are commensurate with her position as Chief Executive Officer and such other duties and responsibilities that are commensurate with her position as reasonably delegated to her from time to time by the Board. Hartz shall report only to the Board, and all employees of the District shall report to Hartz or her designee(s).

(b) *Exclusive Services and Efforts.* Hartz agrees to devote her efforts, energies, and skill to the discharge of the duties and responsibilities attributable to her position and, except as set forth herein, agrees to devote substantially all of her professional time and attention to the business and affairs of the District. Notwithstanding the foregoing, Hartz shall be entitled to engage in (a) service on the board of directors of not-for-profit organizations, provided that she shall not serve on the board of any entity that materially competes with the District (b) other charitable activities and community affairs, (c) management of her personal and family investments and affairs, and (d) any other activity that may be approved by the President of the

Board and that does not materially competes with the District, in each case to the extent such activities do not, either individually or in the aggregate, materially interfere with the performance of her duties and responsibilities to the District.

(c) *Compliance with District Policies.* To the extent not inconsistent with the terms and conditions of this Agreement and with due regard for her position, Hartz shall be subject to the District Bylaws, policies, practices, procedures, and rules of the District, including those policies and procedures set forth in the District's Code of Professional Conduct, but in no event shall anything in such documents be construed to expand the definition of Cause as specified in Section 5 of this Agreement.

### **3. Compensation.**

(a) *Base Salary.* During the first year of the Term, the District shall pay to Hartz an annual salary of Seven Hundred and Twelve Thousand Dollars (\$712,000) ("Base Salary"). The Base Salary shall be paid in biweekly installments consistent with the timing of payments to District employees generally. Thereafter, the Board shall consider increases in Base Salary for subsequent years in connection with performance and a review of compensation provided at peer organizations, which companies shall be subject to review on a continuing basis (the "Peer Group"), and taking into account District and individual performance objectives; provided, however, Hartz's Base Salary shall not be decreased (including after any increases pursuant to this Section 3(a)) without Hartz's written consent.

(b) *Incentive Compensation.* In addition to the Base Salary referenced above, annually, Hartz shall be eligible for annual incentive compensation of up to Twenty-Five Percent (25%) of Base Salary. Hartz's eligibility for the incentive compensation each year shall be based upon measurable goals ("Annual Goals"), to be agreed upon by the Board and Hartz annually on or before the start of the District's fiscal year (6/30), and to be completed by Hartz within the contract year; provided, however, in the first contract year, the Board and Hartz agree that the Annual Goals will be agreed upon on or before August 30, 2019.

(c) *Timing of Annual Review.* On or before October of each year of the Term of Agreement (but not during the first contract year), the Board will conduct a performance evaluation of Hartz's performance, including a review of Annual Goals. The Board shall promptly inform Hartz of the results of the evaluation and make any adjustments to Base Salary and award of Incentive Compensation on or before October 31 of any given year.

(d) *Adjustment of Compensation.* At the time of the Annual Review, the Board will also consider any further adjustments to total potential cash compensation which may be appropriate to adjust given changes in total cash compensation of comparable organizations. The amount of percentage change for comparable organizations will be determined by annually using data from Integrated Healthcare Strategies (or a similarly qualified consultant). Total cash compensation for the purposes of the percentage increase shall include salary and any potential incentive compensation amount.

**4. Employee Benefits and Perquisites.**

(a) *Benefits.* Hartz shall receive the same fringe benefits as are generally available to employees of the District, including but not limited to healthcare coverage, deferred compensation and retirement benefits, but which shall take into account Ms. Hartz's seniority.

(b) *Disability Insurance.* During the Term of the Agreement, the District agrees to provide Hartz with long term disability insurance coverage, which shall be mutually agreed upon by Hartz and the District and shall be consistent with long-term disability coverage provided to Chief Executive Officers at Peer Group organizations.

(c) *Auto Allowance.* Hartz shall receive an auto allowance of One Thousand Five Hundred Dollars (\$1,500) per month.

(d) *Supplemental Retirement Benefit.* During the Term of the Agreement, the District agrees to provide Hartz with a supplemental retirement benefit plan ("SRBP"), which shall be mutually agreed upon by Hartz and the District and shall be consistent with supplemental retirement benefits provided to Chief Executive Officers at Peer Group organizations. The SRBP will be implemented on or before September 30, 2019.

(e) *Other Fringe Benefits, Perquisites, and Earned Time Off.* During the Term of the Agreement, Hartz shall be entitled to participate in all fringe benefits and perquisites made available to other senior executives of the District, such participation to be at levels, and on terms and conditions, that are commensurate with her position, her seniority and responsibilities at the District and that are no less favorable than those applicable to other senior executives of the District. In addition, Hartz shall be eligible for earned time off ("ETO") per calendar year in accordance with the District's vacation and ETO policy, earned commensurate with her seniority and otherwise in the same manner as ETO days are accrued for employees of the District. Accrued and unused ETO days may be carried over consistent with existing District policy applicable to all employees.

(f) *Reimbursement of Expenses.* The District shall reimburse Hartz for all reasonable business and travel expenses incurred in the performance of her job duties and the promotion of the District's business, promptly upon presentation of appropriate supporting documentation and otherwise in accordance with the expense reimbursement policy of the District. Such expenses shall include reasonable expenses to maintain a home office, including the cost of a computer and internet expenses. Monthly but no less frequently than bi-monthly, the President of the Board will review and approve of Hartz's expenses.

**5. Termination of the Agreement for Cause.**

(a) *By District.*

(i) District reserves the right to terminate this Agreement if Hartz willfully and materially breaches or habitually and materially neglects the duties which she is

required to perform under the terms of this Agreement or commits such acts of material dishonesty, fraud, misrepresentation or other acts of moral turpitude as would prevent the effective performance of her duties. District may terminate this Agreement for Cause by giving thirty (30) days' prior written notice of termination to Hartz, without prejudice, to any other remedy to which District may be entitled either at law, in equity, or under this Agreement, and giving Hartz a reasonable opportunity to cure the grounds for termination during the notice period if they are curable. The notice of termination required by this Section 5(a)(i) shall specify the grounds for the termination and shall be supported by a statement of relevant facts. If Hartz does not reasonably cure the grounds for termination within the notice period, Hartz's employment will terminate on the last day of the notice period.

(b) *By Hartz.*

(i) Hartz reserves the right to terminate this Agreement in the event there is: (A) a significant and material negative change in the employment relationship based upon the conduct of directors of the District which conduct would be considered actionable in either a criminal, administrative or civil forum; (B) any material breach by District of this Agreement; (C) a significant and material negative change in Hartz's authority, duties or responsibilities as the Chief Executive Officer and Administrator of the District or any other action by District that results in substantial diminution in Hartz's authority, duties or responsibilities (including, without limitation, having any other executive employee of the District report directly to District's Board of Directors rather than Hartz); (D) a requirement that Hartz relocate her place of employment more than thirty miles; (E) a significant and material reduction in compensation; or (F) the cessation of the District operating as a health care district. Hartz may terminate this Agreement on any of these grounds by giving at least thirty (30) days' prior written notice of termination to District, without prejudice to any other remedy to which Hartz may be entitled either at law, in equity, or under this Agreement. The notice of termination required by this Section 5(b)(i) shall specify the grounds for the termination, shall be supported by a statement of relevant facts, and shall be provided to District within ninety (90) days of the initial existence of such grounds. Upon receipt of such notice from Hartz, District shall have the right to remedy the grounds during the notice period. If District fails to remedy the grounds during the notice period, then this Agreement shall terminate at the end of the notice period, and Hartz shall be entitled to the Severance Benefit defined in this Agreement.

(ii) During the Term of this Agreement, Hartz reserves the right to terminate this Agreement in the event that the remaining Term of this Agreement, together with any extensions hereto by written agreement of the parties, drops to eighteen (18) months or less. Hartz shall thereafter be entitled to the Severance Benefit defined in this Agreement.

**6. Termination of the Agreement Without Cause.**

(a) This Agreement shall terminate upon the death of Hartz. Any sums that may be due her by operation of this Agreement as of the date of death shall be paid to Hartz's executors, trustees, administrators, heirs, personal representatives, successors and assigns.

(b) District reserves the right to terminate this Agreement within six (6) months (but no sooner than three (3) months) after Hartz suffers any physical or mental disability that would substantially prevent the performance of her duties under this Agreement with or without reasonable accommodation. Such a termination shall be effected by giving thirty (30) days' written notice of termination to Hartz. Termination pursuant to this provision shall not prejudice Hartz's rights to continuing Disability Benefits as defined in this Agreement.

(c) District reserves the right to terminate this Agreement based upon its good faith assessment of the performance of Hartz. District's determination regarding her performance shall be factually based, made reasonably, and in good faith. On sixty (60) days' advance written notice, District may terminate this Agreement on this basis. Hartz shall be entitled to the Severance Benefit defined in this Agreement if so terminated.

(d) On one hundred eighty (180) days' advance written notice to the District, Hartz may terminate her obligations under this Agreement without cause. If, as a result of a transition to a new CEO or otherwise, Hartz is asked to leave before the passage of the one hundred eighty (180) day period, she shall nevertheless receive all existing compensation and benefits through the end of the one hundred eighty (180) day period.

**7. Severance Benefit.** The Severance Benefit payable to Hartz pursuant to the terms and conditions of this Agreement shall be all of the following:

(a) For a period that is eighteen (18) months, continuation and payment by the District for Hartz, her spouse, and her eligible children in the coverage of its medical, major medical, hospital, dental, and eye care insurance. This Section shall not diminish any rights Hartz may have under COBRA or other similar rights afforded by the existing benefit programs of District.

(b) Payment by the District of an amount equal to Hartz's then-current monthly salary (without incentive compensation) multiplied by eighteen (18) months, with standard applicable withholding and deduction calculations.

(i) To the extent permitted by law on the date of termination, the District will allow Hartz to continue to defer compensation into any and all deferred compensation plans to the extent such continued deferral does not violate the terms of such plans or result in adverse tax consequences to Hartz under Section 409A of the Internal Revenue Code of 1986 (as from time to time amended) and any regulations and guidance promulgated thereunder or any other applicable tax law.

(c) The following terms shall govern the payment of the Severance Benefit by District pursuant to Section 5 (Termination for Cause) and Section 6 (Termination Without Cause):

(i) The payment of the Severance Benefit in Section 7(b) shall be paid fourteen (14) days following the date of termination.

(ii) It is the intent of the parties that a termination by District without Cause or a termination by Hartz for Cause shall constitute an involuntary separation of service under Section 409A and that the payment of the Severance Benefit shall, to the extent possible, qualify for the short-term deferral exception, the separation pay plan exception, or other applicable exception to Section 409A, and any ambiguities herein will be interpreted to so comply. Each installment payment of the Severance Benefit shall be deemed a separate payment under this Agreement.

(iii) To the extent the payment of the Severance Benefit is covered by Section 409A, the Severance Benefit shall be paid or provided to Hartz only if and as of the date Hartz experiences a "separation from service" as defined in the applicable regulations promulgated under Section 409A.

(d) Notwithstanding any language in this Agreement to the contrary, any cash settlement related to the termination of employment shall be fully reimbursed to the District if Hartz is convicted of a crime involving an abuse of her office or position and shall be subject to the limitations of California Government Code § 53260 *et seq.*

**8. Indemnity.** To the fullest extent provided by law, District shall indemnify, defend and hold harmless Hartz for all losses, claims, damages, liabilities, actions, suits, demands, costs and expenses, including without limitation, reasonable attorneys' fees, resulting from the discharge of Hartz's duties on District's behalf or incurred within the scope of Hartz's employment with the District (including any positions she holds with other entities because of her employment with the District) to fullest extent permitted by applicable law. This indemnity provision shall survive termination of this Agreement.

**9. Protection of Confidential Information.** Hartz understands that Hartz's work as an employee of the District creates a relationship of trust and confidence between Hartz and the District. During and after the period of Hartz's employment with the District, Hartz will not use or disclose or allow anyone else to use or disclose any Confidential Information relating to the District, its products, services, suppliers or patients except as may be necessary in the performance of Hartz's work for the District. "Confidential Information" shall include, but not be limited to, information consisting of research and development, patents, trademarks and copyrights and applications thereof, technical information, computer programs, software, methodologies, innovations, software tools, know-how, knowledge, designs, drawings, specifications, concepts, data, reports, processes, techniques, documentation, pricing, marketing plans, customer and prospect lists, trade secrets, financial information, salaries, business affairs, suppliers, profits, markets, sales strategies, forecasts, employee information and any other information not available to the general public, whether written or oral, which Hartz knows or has reason to know the District would like to treat as confidential for any purpose, such as maintaining a competitive advantage or avoiding undesirable publicity. Hartz will keep

Confidential Information secret and will not allow any unauthorized use of the same, whether or not any document containing it is marked as confidential. These restrictions, however, will not apply to Confidential Information that has become known to the public generally through no fault or breach of Hartz's, that the District regularly gives to third parties without restriction on use of disclosure, that is disclosed to Hartz without restriction by a third party who rightfully possesses the information, unless such disclosure violates a duty of confidentiality, or that is independently developed by Hartz, following her employment with the District and without use of the District's Confidential Information.

**10. District Property.** All records, files, lists, including computer generated lists, drawings, documents, software, equipment, and similar items relating to the District's business that Hartz shall prepare or receive from the District and all Confidential Information shall remain the District's sole and exclusive property ("District Business Property"). Upon termination of this Agreement, Hartz shall promptly return to the District all property of the District in her possession, including District Business Property.

**11. Non-Competition.** During the Term of her employment with the District, Hartz shall not directly own, manage, operate, join, control, or participate in or be connected with, as an officer, employee, partner, stockholder or otherwise, any other hospital, medical clinic, integrated delivery system, health maintenance organization, or related business, partnership, firm, or corporation (all of which hereinafter are referred to as "Entity") that is at the time engaged principally or significantly in a business that is, directly or indirectly, at the time in competition with any business of the District within the service area of District. The service area is defined as Alameda, Santa Clara, Contra Costa, San Mateo, Santa Cruz, San Francisco, Marin, Monterey, Solano, Napa, and Sonoma counties in California. Nothing herein shall prohibit Hartz from acquiring or holding any issue of stock or securities of any Entity that has any securities listed on a national securities exchange or quoted in a daily listing of over-the-counter market securities, provided that at any one time Hartz, her spouse or children do not own more than one percent (1%) of any voting securities of any such Entity. This covenant shall be construed as an agreement independent of any other provision of this Agreement, and the existence of any claim or cause of action, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the District of this covenant. In the event of actual or threatened breach by Hartz of this provision, the District shall be entitled to an injunction restraining Hartz from breach of the obligations described in this paragraph.

**12. Entire Agreement.** This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of Hartz by District and contains all of the covenants and agreements between the parties with respect to that employment in any manner whatsoever. Each party to this Agreement acknowledges that no representation, inducements, promises, or agreement, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other Agreement, statement, or promise not contained in this Agreement shall be valid or binding on either party.

**13. Survival.** The covenants and agreements contained in, or made pursuant to, this Agreement, unless otherwise provided herein, shall survive the cessation of the employment relationship or the termination or expiration of this Agreement.

**14. Modifications.** Any modification of this Agreement will be effective only if it is in writing and signed by the party to be charged.

**15. Law Governing the Agreement.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.

**16. Attorney Fees and Costs.** If any action at law, or in equity, or any arbitration proceeding is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney fees, and costs, in addition to any other relief to which that party may be entitled. This provision shall survive expiration or termination of this Agreement.

**17. Notices.** Any notices to be given hereunder by either party to the other shall be, in writing, and may be transmitted by personal delivery or by mail registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing below the party's signature. In the case of Hartz, a courtesy copy will be sent to Rob Thomas Esq., Doty Barlow Britt & Thieman LLP, 260 Sheridan Ave., Suite 200, Palo Alto, CA 94306. Each party may change that address by written notice in accordance with this Section. Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of five (5) days after the mailing date to the address appearing below the party's signature. Either party shall have the right to change its address to which notice shall be given by notices similarly sent.

**18. Effect of Waiver.** The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

**19. Partial Invalidity.** If any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way.

**20. Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument. Signatures delivered by facsimile or PDF shall be effective for all purposes.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PAGE FOLLOWS]



[SIGNATURE PAGE TO CHIEF EXECUTIVE OFFICER EMPLOYMENT AGREEMENT]

IN WITNESS WHEREOF, the parties hereby execute this Agreement as of the date first appearing above.

**Washington Township Health Care  
District**

**Kimberly Hartz**

By: \_\_\_\_\_  
Name: Bernard Stewart  
Its: President, Board of Directors

By: \_\_\_\_\_  
Name: Kimberly Hartz

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**Address:**

**Address:**

Washington Township Health Care District  
2000 Mowry Avenue  
Fremont, CA 94538  
Attention: President, Board of Directors

Ms. Kimberly Hartz  
Chief Executive Officer  
2000 Mowry Avenue  
Fremont, CA 94538

## EXHIBIT A

The authority and duties of the Chief Executive Officer shall include:

1. To perfect and submit to the Board for approval a plan or organization of the personnel and others concerned with the operation of the District and to establish methods of procedure concerning the internal operation of the District.
2. To prepare an annual budget showing the expected receipts and expenditures, as required by the Board of Directors.
3. To select, employ, control, and discharge all employees serving in positions, as authorized by the Board of Directors.
4. To see that all physical properties are kept in good state of repair and operating condition.
5. To supervise all business affairs, such as the records of financial transactions, collection of accounts, and purchase and issuance of supplies; and to ensure that all funds are collected and expended to the best possible advantage.
6. To exercise her professional abilities in such a manner that all those concerned with the rendering of professional service in the Washington Township Health Care District cooperate to the end that the best possible care may be rendered to all.
7. To submit regularly to the Board or its authorized committees, periodic reports showing the professional service and financial activities of the District and to prepare and submit such reports as may be required by the Board of Directors and/or its functioning committees.
8. To attend all meetings of the Board of Directors and its committees provided, however, that the Board may meet in executive session without the presence of the Chief Executive Officer, with the reasonable advance notice to the Chief Executive Officer.
9. To perform any other duty that may be necessary in the best interest of the District.
10. To serve as the liaison officer and channel of communication for all official communications between the Board of Directors or any of its committees, and the Medical Staff.
11. To provide overall administrative direction to the District's adjunct organizations.
12. To prepare, revise and amend a strategic plan for the Board's consideration.
13. To work with the Board President to set the agendas for Board meetings.